

RESULTS

OF

FIVE YEARS GRIT-ROUGE RULE

IN CANADA.

THE STEEL RAIL PURCHASE.

No subject has been more discussed since Mr. Mackenzie came into office than his unfortunate purchase of steel rails. A simple record of the facts in this case is all that is necessary to show, first, that the purchase was a most unwise one; next, that it was without the authority of Parliament; and, last, that it was open to the grave suspicion of having been prompted by a spirit of nepotism. It will be remembered that Mr. Mackenzie's first proposal in relation to the Pacific Railway was to utilize the water stretches. All the railway, therefore, to be built by him was about 45 miles from Lake Superior to Shebandowan, and about 100 miles from the northwest angle to Fort Garry, and the Pembina branch of about 70 miles, making altogether a little over 200 miles of railway, which he had the immediate intention of building. In the fall of 1874, he advertised for tenders for some rails, and the first suspicious circumstance connected with the matter was the manner in which these advertisements were inserted. It will be admitted that it was a matter of the greatest possible importance that the fullest publicity should be given to any invitation for tenders of this description. The manufacturers of steel rails were in England. Their agents in this country must of necessity communicate with them, and unless, therefore, there was time for that communication, the trade at large must necessarily be put to a very great disadvantage. And yet we find that the advertisement was dated on the 29th of September, that its first appearance was in the *Montreal Herald* of the 2nd of October, and that it asked for

tenders delivered in Ottawa on the 8th of October, so that THERE WERE ONLY SIX DAYS DURING WHICH MERCHANTS COULD ARRANGE TO SEND IN THEIR TENDERS. No business man will say that that was long enough. The return brought down to Parliament states that the advertisement was inserted in the following newspapers:—*Herald, Witness, National, Bien Public, Trade Review, Mercury, Journal de Quebec, L'Evenement, New York Herald, Scotsman, Coal and Iron Record, Globe* and *Nation*. Now, as a matter of fact, the advertisement did not appear in the *Toronto Globe* at all. Mr. White, in a speech delivered at Winchester Springs, offered to contribute \$100 to any charity Mr. Mackenzie might name, if the first advertisement could be shown to have been published in the *Globe*. The *Trade Review* had actually ceased to be published. The *Scotsman, Coal and Iron Record* and *Nation* were all weekly papers, and the time allowed made it impossible that the advertisement, even if inserted in them, could have been of any use. The only papers, in fact, in which the advertisement appears to have been printed were the *Herald* and *Witness* of Montreal. The appearance of the advertisement caused some interest among the merchants of Montreal, and we have the testimony of Mr. Thomas Workman and of Mr. Darling that they represented to Mr. Mackenzie that the time was altogether too short, and upon their representations it was extended. In his speech in Parliament in the session of 1875, Mr. Macken-

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zie cited both these gentlemen as having advised the purchase of these steel rails, upon the ground that the market was in a favorable condition; and yet they both subsequently declared the first they had ever heard of the matter was when they saw the advertisement in the *Montreal Herald*, and protested against the shortness of time allowed to persons to tender. That is the first serious inaccuracy on the part of Mr. Mackenzie in his defence of this purchase. At their instance the time was extended, and, in the *Herald* of the 5th of October, the postponement notice appeared, giving up to the 16th of November to send in tenders. Even that postponement notice did not appear in the *Globe* until the 13th of October, five days after the tenders were required to be in Ottawa, according to the first advertisement. So much for the manner in which tenders were invited for these steel rails.

Next, as to the contracts. Mr. Mackenzie has claimed that the lowest tender was in every instance accepted. The tenders which actually were accepted were as follows:—Guest & Co., \$54; Ebbw Vale Company, \$53.53; West Cumberland Company, \$53.53, and Merséy Steel and Iron Company, \$54.26. This last company was represented by Cooper, Fairman & Co., of Montreal, whose names have been unpleasantly associated with this transaction. It will be seen that their tender was 26 cents a ton higher than the highest of the others, and 73 cents a ton higher than the lowest. Each of these tenders was for five thousand tons, excepting that of Cooper, Fairman & Co., which was for from five to ten thousand tons. And yet THE HIGHEST TENDER WAS AWARDED THE CONTRACT FOR TWENTY THOUSAND TONS, while of the others the Ebbw Vale Company got only five thousand tons, Guest & Co. ten thousand, and the West Cumberland Co., represented by Cox & Green, five thousand, the latter at their own earnest solicitation being subsequently awarded an additional contract for five thousand tons more. The tenders were all in accordance with the advertisement for rails to be delivered at Montreal; but there was another tender, of which no notice whatever was taken,

from Messrs. Doyen & Ramsden, of Antwerp, whose tender was sent in through McMurray, Fuller & Co., of Toronto. That tender was as follows:—

BRUSSELS, 29th October, 1874.

GENTLEMEN: In accordance with your favor of inst., we beg to offer, subject to your acceptance for 25th prox., one, two or three parcels of 5,000 tons each of Bessemer steel rails of the finest quality at £0 5s. 6d. per English ton f.o.b. Antwerp, net cash against B-L in London. These rails can be of any section you like, provided they are not under 80 lbs. per lineal yard. These rails would be of our own make, as we are establishing works for them, would be cut to length to order, branded R. Delivery during period of navigation next year.

Yours truly,

(Signed,) DOYEN & RAMSDEN.

No notice was taken of this offer by the Department, upon the ground, as stated by Mr. Mackenzie, that it was not in accordance with the advertisement; but, if the object had been to secure rails at the lowest price, there is no doubt that this was the best tender of the lot. Antwerp was an exceedingly favorable point from which to obtain freights. There are large imports of grain and petroleum at that port, and usually there is a superabundant supply of tonnage there, both sail and steamer, so much so that it is quite common for vessels to proceed to Wales, or the coal ports on the northern coast of England in search of coal or iron freights. By steam, rates ranged from twelve to twenty shillings a ton in 1874 and 1875, and it is not too much, therefore, to say, that freights could have been obtained at fifteen shillings from Antwerp to Quebec or Montreal during that season. It will be seen that the offer made was for fifteen thousand tons, and that the price laid down in Montreal would be £10. 15s. 0d. HAD THE FIFTEEN THOUSAND TONS GONE TO THE ANTWERP FIRM, INSTEAD OF TO COOPER, FAIRMAN & CO., WHICH WOULD STILL HAVE LEFT THEM FIVE THOUSAND TONS, THERE WOULD HAVE BEEN A SAVING OF AT LEAST TWENTY-SEVEN THOUSAND DOLLARS. Mr. Mackenzie, in some of his speeches, has attempted to show that he made an offer to induce the agents of the West Cumberland Co. to take the contract for the whole quantity. In a speech delivered by him at

Whitby he said: "one firm tendered for \$5,000 at \$54; another firm tendered for \$5,000 at \$53.24. This firm was the lowest, represented by Cox & Green, if I recollect aright. I pressed them to take the whole 40,000 we then decided to order, but they declined to take more than they tendered for, and Cox & Green have published a letter over their own signatures stating that they were pressed to take the whole contract at the figure they named, that being the lowest." As a matter of fact Messrs. Cox & Green never wrote any such letter. On the contrary the letter they did write is in direct opposition to this statement of Mr. Mackenzie. During the controversy which occurred while the Montreal election was going on between Messrs. White and Workman, Cox & Green wrote a letter to the *Herald* explaining their connection with the matter and in that letter they said: "we prepared a tender for 10,000 tons steel rails, at £11 stg. per ton, delivered here, and without coming any further into contact with the Department, were informed by telegram that our tender was accepted." They were mistaken as to the ten thousand, because in the first instance they only received a contract for five thousand, and the correspondence which appears in the return brought down to Parliament shows that they had some difficulty in getting the contract for another five thousand. That correspondence is as follows:—

"13 and 15 HOSPITAL STREET,
MONTREAL, Dec. 18th, 1874.

"DEAR SIR,—We are to-day in receipt of a cable communication from West Cumberland Iron and Steel Company (Limited) informing us that taking into consideration the favorable terms of payment, they are prepared to increase the quantity of steel rails which they are contracting to deliver from (5,000) five thousand tons, as the quantity now stands, to (10,000) ten thousand tons. We would remind you that our price is the lowest of any, viz.: (£11 0s 0d.) eleven pounds sterling per ton delivered in Montreal. We would now, therefore, respectfully request that you would bring the proposition to the notice of the Minister of Public Works, calling his particular attention to the very low price of the rails.

"Soliciting the favor of a reply,

"We are, Dear Sir,

"Your obedient servants,

(Signed),

"F. BRAUN, Esq., Secretary
Public Works Department,
Ottawa."

"MONTREAL TELEGRAPH CO.,

"OTTAWA, Dec. 21st, 1874.

"By Telegraph from Montreal, to T. Trudeau,
Public Works:

"See our letter 18th December, to Mr. Braun, offering five thousand tons more rails, if wanted; reply quick, as a railroad is in treaty."

(Signed),

"COX & GREEN."

And the following day came this answer from the Secretary:—

"OTTAWA, 22nd Dec., 1874.

"Telegram to Cox & Green, Montreal:

"No further steel rails wanted. Thanks.

(Signed),

"F. BRAUN,

"Secretary."

It is not pretended by Mr. Mackenzie that he made any effort whatever to get the other parties, Guest & Co. or the Ebbw Vale Company, to accept a larger quantity than they tendered for, so that WE HAVE HERE THE LOWEST TENDER OF ALL ABSOLUTELY IGNORED, AT A LOSS TO THE COUNTRY OF TWENTY-SEVEN THOUSAND DOLLARS. WE HAVE THE THREE NEXT LOWEST AWARDED SIMPLY THE SMALLEST QUANTITY FOR WHICH THEY HAD TENDERED, AND WE HAVE THE HIGHEST OF THOSE THAT RECEIVED ANY CONTRACTS AWARDED AS MUCH AS ALL THE OTHERS PUT TOGETHER. No one will pretend to say that a record of that kind justified Mr. Mackenzie's statement that the lowest tender was in every instance accepted.

It will be seen that the tender from Antwerp was rejected upon the ground that it was not in accordance with the advertisement; and yet, after all these tenders were opened, and all these contracts were awarded—when the whole transaction, in fact, in relation to the advertising for tenders had been closed,—a private arrangement was made between Mr. Mackenzie and Cooper, Fairman & Co. for additional quantities delivered f. o. b. at Liverpool. It has been the boast of Mr. Mackenzie—it was his boast especially in relation to this steel rail purchase—that in every case tenders were invited; but the facts show that in this, as in other statements made in relation to it, he was wrong. The following

correspondence will explain this latest transaction :—

" MONTREAL, 13th January, 1875.

DEAR SIR,—In reply to telegram of the 7th inst., we beg to advise you that we have purchased on account of Dominion Government 5,000 tons Bessemer steel-rails at £10.10s.0d f.o.b. Liverpool, cash, against bills of lading.

" We have also contracted freight to Vancouver ports, viz, Esquimaux, Cowichan Bay and Nanaimo, at £2.6s.0d. sterling per ton.

" The Government assuming the responsibility of freight, &c., which is to say, to pay shippers, makers not assuming delivery to Vancouver ports.

" Should you require the track bolts for this lot, we can arrange for them and include. We are advised that steel rails are now held at £11.0s.0d. We would be glad to be favoured with the address of your bankers in England, to whom we suppose the bills of lading will require to be presented. Kindly confirm the contract as soon as possible, to enable us to cable reply, the necessary documents to follow.

Yours faithfully,

(Signed) " COOPER, FAIRMAN & Co."

" HON. A. MACKENZIE, OTTAWA."

" OTTAWA, 21st January, 1875.

" GENTLEMEN,—In reply to your several communications on behalf of Messrs. Naylor, Benson & Co., I am to state that the Government accept their offer to supply 5,000 tons of steel rail at £10.10s. sterling per ton f.o.b. at Liverpool, and allows £2 per ton for freights to the Vancouver ports.

" The Agent-General of the Dominion, E. Jenkins, Esq., will see to the insurance.

" Messrs. Morton, Rose & Co. are the financial agents of the Government in London.

" I have, &c.,

" F. BRAUN,

" Secretary."

" Messrs. Cooper, Fairman & Co.,
" Montreal."

THAT WAS A PURCHASE OF RAILS WITHOUT ANY TENDER WHAT-EVER BEING ASKED FOR. IT WAS A PURCHASE OF RAILS ON TERMS WHICH HAD BEEN EXPRESSLY REJECTED IN THE CASE OF THE ANTWERP TENDER, AND IT WAS A PURCHASE AT TEN SHILLINGS A TON HIGHER THAN RAILS WERE OFFERED FOR, AT THE VERY TIME OF MR. MACKENZIE'S PURCHASE. What would have been the effect of an honest submission to public competition for this new quantity may be inferred from that fact; and what would have been gained by the acceptance of delivery in England instead of Montreal, may be inferred from the following correspondence, which we find in the return brought down :—

" PHILADELPHIA, October 23, 1874.

" DEAR SIR,—In making tenders for 'Steel Rail,' you require deliveries to be made at Montreal.

" I write to ascertain if tenders would be received for rails to be delivered at Liverpool, and all matters of freight and insurance would then be in your hands. This course would bring out greater competition in way of bids, thus reducing prices.

" Yours truly,

(Signed) " PHILIP S. JUSTICE."

" F. BRAUN, Esq., Secretary,

" Public Works Department,

" Ottawa, Canada."

" OTTAWA, 27th October, 1874.

" SIR,—In reply to the enquiry made in your communication of the 23rd inst., as to whether the Department would accept tenders for steel rails delivered at Liverpool, England. I beg to inform you that no such tenders would be accepted. In addition to the place mentioned in the specification for delivery, the Department would have no objection to tenders for delivery on Georgian Bay, Lake Huron, or Duane and Thunder Bay, Lake Superior.

" I have, &c.,

(signed)

" E. BRAUN,

" Secretary."

" PHILIP S. JUSTICE, Esq.,

" No. 14, North Fifth street,

" Philadelphia, Pa., U. S."

There is no doubt that Mr. Justice's statement, that permitting rails to be delivered f.o.b. at Liverpool, would have greatly increased the competition, and would have had the effect of correspondingly decreasing the price of those rails; but it is evident that it would not have suited the special object of Mr. Mackenzie. The public, however, will naturally ask what right Mr. Mackenzie had, in the first instance, to reject the tender from Antwerp, by which \$27,000 would have been saved, on the ground that he would only accept rails delivered in Montreal, to refuse the offer of Mr. Philip S. Justice to increase the competition by accepting tenders for rails delivered at Liverpool; and afterwards, by private arrangement, to enter into contracts with Cooper, Fairman & Co., and get other rails so delivered at Liverpool at ten shillings a ton higher than those offered by the Antwerp firm, and by the West Cumberland Company as well.

People will naturally inquire, WHO WERE THIS FIRM OF COOPER, FAIRMAN & CO. TO WHOM THESE SPECIAL FAVORS WERE GRANTED? What was there in their business which

should have secured for them privileges absolutely refused to other firms? The answer is one which certainly cannot be accepted as creditable to Mr. Mackenzie. His own brother was a partner in the firm, and to that fact is to be attributed all these special favors. As doubts have been expressed upon this point, it is as well to give here the official notice of partnership:—

"[No. 59]
"Province of Quebec,
"District of Montreal;
"We, the undersigned, do hereby certify that we have entered into co-partnership, under the style or firm of "Cooper, Fairman & Company," as merchants, which firm consists of James Cooper, of the City of Montreal, and Frederick Fairman, at present residing at Waterloo, in the said Province, as general partners, and

CHARLES MACKENZIE,
of SARINIA, in the Province of Ontario, as a special partner the said CHARLES MACKENZIE having contributed

FIFTEEN THOUSAND DOLLARS
to the capital stock of the said partnership.

Which said co-partnership commenced on the
FIRST DAY OF JANUARY INSTANT (1873),
and terminates the

FIRST DAY OF JANUARY, 1878.
Dated this second day of January one thousand eight hundred and seventy-three.
(Signed), JAMES COOPER,
F. FAIRMAN,
CHARLES MACKENZIE.

Signed in the presence of
(Signed), JOHN C. GRIFFIN, N.P.

Filed and registered this seventh day of January one thousand eight hundred and seventy-three.
(Signed),
HUBERT, PAPINEAU & HONEY,
P. S. C."

But it has been pretended that Mr. Charles Mackenzie had retired from the firm before these transactions took place. Mr. Mackenzie in his speech in North York said: "A firm in Montreal, in which my brother was at one time a sleeping partner, were agents of the firms in England who were tendering; but before they became agents at all in this matter my brother withdrew from the firm rather than have the slightest doubt cast upon his integrity in this matter." NOW, AS A MATTER OF FACT, AND AS PROVED BY THE RECORD, MR. CHARLES MACKENZIE DID NOT RETIRE FROM THE FIRM UNTIL AFTER ALL THESE TRANSACTIONS TOOK PLACE. There has been some attempt

to mystify this matter by pretending that the notice of dissolution was not inserted at the time the dissolution took place. There is no doubt upon that point, but the notice of dissolution states the time at which the partnership ceased, and that time was after all these contracts had been entered into. Here is the official record which leaves no room for doubt on that point:—

"PROVINCE OF QUEBEC,
"District of Montreal.
"We, James Cooper and Frederick Fairman, both of the City of Montreal, Harware Merchants and Importers, hereby certify that we have carried on and intend to carry on business as such at the said City of Montreal, in partnership under the name or firm of Cooper, Fairman & Company, and that the said co-partnership has subsisted since the fourth day of May last, and that we, the said James Cooper, and Frederick Fairman, and have been since the said day the only members of the said partnership. Witness our hands at Montreal, this twentieth day of July, one thousand eight hundred and seventy-five.
(Signed), JAMES COOPER,
F. FAIRMAN.

"Filed and enregistered this twenty-fourth day of August, one thousand eight hundred and seven & five.

"HUBERT, PAPINEAU & HONEY,
P. S. C."

We have thus the fact beyond controversy, that MR. CHARLES MACKENZIE WAS A PARTNER IN THE FIRM OF COOPER, FAIRMAN & CO. WHEN THESE EXTRAORDINARY FAVORS WERE GRANTED TO THE FIRM BY MR. MACKENZIE. That he did not retire until after all the contracts had been made; and we know he received on his retirement promissory notes payable at the Exchange Bank for the \$15,000 which he had put into the firm. It required the proceeds of these transactions to enable Cooper, Fairman & Co. to pay these notes, so that the fact is beyond controversy that the result of all these transactions was to enable Mr. Charles Mackenzie to withdraw his capital intact from the firm, in which, but for that fact, it would probably have been irretrievably lost. WHAT THE COUNTRY HAS LOST BY THE MERE PURCHASE OF THESE RAILS HAS BEEN ESTIMATED AT NOT MUCH LESS THAN TWO MILLIONS OF DOLLARS. The statement prepared by Mr. Macpherson on the subject of the loss from this steel rail purchase is as follows, and no man is better qualified to give a state-

ment upon the subject than that honorable gentleman:—

The Profit and Loss Account of the Government Steel Rails speculation may be taken to stand about as follows:—

Cash paid in Eng and for steel rails and fastenings.....	\$2,938,900
The same quantity could have been purchased, deliverable this Spring in Canada, for.....	1,800,000

Loss on first cost.....	\$1,138,900
Interest to 30th June, 1877, on ascertained payments.....	271,365

To this must be added the cost of 4,000 tons laid upon the Truro and Pictou Railway, a line that would not have been steeled had not the rails been on hand.....

(The Government has taken authority to transfer this Railway to Nova Scotia as a gift to a private Company.)	285,120
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Ascertained loss to the end of current fiscal year, 30th June, 1877....	\$1,615,385
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Interest is running on at the rate of about \$13,500 per month and is increasing—I estimate the further loss by interest before the rails are used at.....

It may be assumed that the country's loss by this unfortunate transaction, before the interest account can be fairly closed, will not be less than TWO MILLIONS OF DOLLARS!	\$419,169
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The Rails have been distributed as follows:—5,000 tons to Vancouver Island, where they are not required.

11,000 tons to Nova Scotia, 4,000 tons of which are to be given away to a private company.

And the remainder are at various places from Kingston to Manitoba."

We have dealt thus only with the question of the purchase of these rails, but there remains the question of transportation. In April, 1875, Mr. Mackenzie advertised for tenders to transport rails from Montreal to Fort William or Duluth, and the following tenders were sent in:—

1st. E. Samuel, Montreal.....	\$6.00 per ton.
2nd. C. Edward, Kingston.....	6.25 "
3rd. C. E. Jacques & Co., Montreal.....	6.30 "
4th. Charles Stephenson, Montreal.....	6.50 "
5th. Cox & Green, Montreal.....	6.50 "
6th. Holcombe & Stewart, Kingston.....	6.74 "
7th. J. H. Beatty & Co., Thorold.....	7.00 "
8th. W. H. Perry, Buffalo.....	7.00 "

One would have imagined that, in accordance with the general principle Mr. Mackenzie has laid down, Mr. Samuel's tender would at once have been accepted. He offered as surety Messrs. D. Butters & Co., of Montreal, and certainly no better surety could be offered; and yet, UPON THE GROUND THAT MR.

SAMUEL WAS NOT A STEAMBOAT OWNER, HIS TENDER WAS REJECTED. ALL THE OTHER TENDERS WERE ALSO REJECTED, AND AN ARRANGEMENT WAS MADE WITH COOPER, FAIRMAN & CO., WHO ARE NOT STEAMBOAT OWNERS AND NEVER HAVE BEEN STEAMBOAT OWNERS, FOR THE TRANSPORT OF THESE RAILS. The pretence was that in the November previous, Cooper, Fairman & Co., in one of the tenders which they sent in, had offered to deliver the rails at Duluth and French River at \$5.60 per ton extra, exclusive of any harbor or wharfage dues. When Mr. Mackenzie got in his tenders as stated above, in answer to his advertisement, he appears to have entered into correspondence with Cooper, Fairman & Co., and they then proposed, on behalf of "The Merchants' Lake and Steam Ship Line," to convey the rails at \$6.20 per ton, including all the charges mentioned in the advertisement. That offer was accepted. It will be seen that IT WAS TWENTY CENTS A TON HIGHER THAN MR. SAMUEL'S OFFER. Not a very large amount, not a very serious matter, being only a thousand dollars, but even a thousand dollars, to an economical gentleman like Mr. Mackenzie, ought to have been worthy of consideration. The most extraordinary fact, however, is that Mr. Mackenzie when he determined to refuse these tenders should have accepted Cooper, Fairman & Co.'s offer of the previous November, and should have ignored other offers which he had at the same time. Here for instance was an offer:—

"OTTAWA, Ont., November 14th, 1874.
"DEAR SIR,—Should the Government prefer to have these rails delivered at the following points:—Duluth, Fort William and Georgian Bay instead of Montreal, we can deliver them at Duluth or Georgian Bay at \$4 per ton additional, and at Fort William at \$4.75 additional, conditional as to the delivery at points named, that there be a sufficient depth of water for vessels to go thereto, and that the consignees are to unload. Not knowing if it is the intention of the Government to insure the various cargoes on the lakes, we have not included the lake insurance on the inland freights, \$4.00 and \$4.75, which would be about 16 cents per ton.

"Your obedient servants,
(Signed), "PERKINS, LIVINGSTON, POST & Co.,
"Agents of Guest Co."
"The Minister of Public Works."

This offer was from the agents of Guest & Co. to deliver these rails at the points named for an additional sum of \$4 per ton at Duluth or Georgian Bay, or \$4.75 per ton for delivery at Fort William. That is, in round figures, at least a dollar less than Cooper, Fairman & Co. offered, and would have resulted in a saving of five thousand dollars. Then again in the tender of T. V. Allis, of New York, were the words "with the option of delivery at Duluth or Georgian Bay at \$5.00 per ton additional." That is sixty cents a ton less than Cooper, Fairman & Co., or a saving of three thousand dollars. ALL THE OFFERS WERE REJECTED, AND A PRIVATE ARRANGEMENT MADE WITH COOPER, FAIRMAN & CO., IGNORING THE TENDERS SENT IN, AT A LOSS TO THE COUNTRY OF BETWEEN FIVE AND SIX THOUSAND DOLLARS. The proceedings which occurred in Parliament in relation to the seat of Mr. Norris, the member for Lincoln, threw some additional light upon this transaction. It turned out from the papers brought down at that time that THE COMPANY IN WHOSE BEHALF COOPER, FAIRMAN & CO. PRETENDED TO MAKE AN OFFER IN APRIL, 1875, WAS ACTUALLY NOT IN EXISTENCE AT THE TIME, BUT THAT A COMBINATION WAS MADE IN SUCH A WAY AS TO CONFER AN IMPORTANT FAVOR UPON A MEMBER OF PARLIAMENT WHO WAS A SUPPORTER OF THE GOVERNMENT—a favor which subsequently caused him the loss of his seat, in consequence of its being a violation of the Independence of Parliament Act.

Then there was another transportation arrangement. Messrs. Cooper, Fairman & Co., who, as we have said are not shipowners, were entrusted with arranging for the transport of rails to British Columbia, where it turns out that they were not wanted in consequence of the policy of Mr. Mackenzie in abandoning the Vancouver Island Railway. NO TENDERS WERE INVITED FOR THIS BRITISH COLUMBIA TRANSPORT; but the Government had a formal offer on the subject, as will be seen by the following letter:

"MONTRÉAL TELEGRAPH COMPANY."

"OTTAWA, 11th January, 1875."

"By Telegraph from New York to Hon. A. Mackenzie."

"Have just received contract duly executed by Guest & Co., which we forward to you. We learn, through a Transportation Company, that you may want some rails at British Columbia. Will you consider a proposal on formal us to ship one lot direct there, or for an additional ten thousand tons to be sent there? Please telegraph reply."

"(Signed,"

"PERKINS, LIVINGSTON, POST & CO.")

That letter was not even replied to; but an arrangement was made through Cooper, Fairman & Co. for the transport of the rails at £2 sterling per ton. IT HAS NOW TRANSPIRED THAT THOUGH THE GOVERNMENT PAID £2 STERLING PER TON, THE ACTUAL PRICE PAID THE SHIP, INCLUDING 2½ PER CENT COMMISSION TO THE SHIP BROKERS, WAS FROM £1 8s 6d TO £1 10s 0d, SO THAT HERE AGAIN WAS A DIRECT LOSS OF OVER TWELVE THOUSAND DOLLARS. That there may be no dispute upon this point, we give the following extract for the charter party entered into with one of the vessels transporting these rails, it being at the highest price paid to any of the ships:—

"Freight for the said cargo to be paid at the rate of thirty shillings, and five per cent. prime sterling per ton of twenty hundred weight on the quantity delivered. All port charges, pilotages, dock and harbor dues on the ship to be paid on the ship as customary. The freight is to become due and is to be paid as follows, viz.:—Two-thirds in London on ships' final sailing from port of loading, subject to a discount of six per cent. in full of interest, insurance, &c. The equivalent of £350, at the rate of exchange for bills on London at usance, free of interest and commission at the port of discharge for ships' disbursements there; the balance in London within 14 days after production to charterers there of consignee's certificate of unloading and right of delivery of the cargo, less cost of damaged or deficient cargo, payable only to the order of John S. Dewolf & Co. Twenty-five running days to be allowed for sending cargo alongside, and the cargo to be received by the consignees at the rate of not less than 50 tons per running day, Sundays excepted, and when required by the consignees, such extra quantity as may be practicable. Demurrage to be paid at the rate of 4d per register ton per day. An address commission of two and a half per cent. on the amount of freight under this

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charter is to be paid to the charterers and may be deducted by them out of the first payment."

We again quote from Mr. Macpherson the following tabulated statement of the loss on transportation, and adding to it the item, to which we have referred, of ten shillings per ton excessive payment, on the transport of rails to British Columbia, WE HAVE AN ACTUAL LOSS IN THE MERELY MATTER OF TRANSPORTATION OF OVER NINE-AND-A-HALF THOUSAND DOLLARS.

On the 5th January, 1875, the Government bought 5,000 tons of steel rails from Messrs. Cox & Green, of Montreal, at £10 5s. per ton f.o.b. in England, and two days afterwards (on the 7th January, 1875) the Government bought from Cooper, Fairman & Co., without competition, 5,187 tons at £10 1s. per ton, also f.o.b. in England, for British Columbia.

The country's loss by this act of favoritism was 10s. 4s. per ton, and amounted to \$12,004

In November, 1874, Messrs. Darling & Co., of Montreal, tendered 100 tons of steel rails at \$34.75 per ton, and at the same time Cooper, Fairman & Co. tendered at \$101 per ton. Cooper, Fairman & Co. got a contract for 100 tons.

The country's loss by this act of favoritism was 1,325

In 1875, Messrs. Guest & Co., of England, supplied the Canadian 10,000 tons of steel rails, and when tendering for the rails in November, 1874, they offered to deliver them at Duluth at \$1 per ton more than at Montreal, or, including insurance, \$1.10 more per ton. Messrs. Cooper, Fairman & Co., acting for themselves and on behalf of Messrs. Norris & Neelon, of St. Catharines, and Messrs. Hope & Co., of Hamilton, were paid at the rate of \$3.20 per ton.

The country's loss by this act of favoritism and mismanagement was \$2.04 per ton on 10,000 tons, and amounted to 20,400

In April, 1875, the Red River Transportation Company tendered for the transport of rails from Duluth to Winnipeg at 15 (U.S. currency) per ton of 2,240 pounds. Messrs. Fuller & Line, of Hamilton, tendered for the same service at \$13.55 (U.S. currency) per ton (including the usual 1 lb. of rails, 2,240 pounds). The Red River Company got the contract, and transported 15,441 tons.

The difference in the rate of freight and in the ton weight together amounted to \$3.80 per ton.

The country's loss by this act of favoritism or mismanagement was \$3.80 per ton on 15,441 tons, and amounted to \$58,965 United States currency, and in gold to 41,980

The loss on the four transactions which I have enumerated amounts to \$79,338

These rails, sufficient to lay five hundred miles of railway, were purchased in January of 1874. How thoroughly unnecessary was the purchase at that time will appear from the return brought down during the last session of Parliament. That return had relation to the number of miles actually laid, down to January 1878; and according to the return on contract No. 13 were 32½ miles laid, on No. 14 there were 6 miles and on No. 25, 8½ miles, making in all 47 miles, REQUIRING LESS THAN ONE-THENTH THE ENTIRE QUANTITY OF RAILS PURCHASED, AND THIS THREE YEARS AFTER THE CONTRACTS WERE MADE FOR THOSE RAILS. It is true that some ten or eleven thousand tons have been used on the Intercolonial Railway, but they were used in violation of the law, because the pretence was that these rails were purchased under the general authority of the Pacific Railway Act. It is also true that, in order to get rid of them, the Picton Branch was laid anew with steel rails, before being handed over as a free gift to a private Company; but that, certainly, could not have been in the contemplation of Mr. Mackenzie, at the time he purchased them. We have got therefore, as a result of this transaction, the fact of a purchase of a far larger quantity of steel rails than can possibly be required, in a falling market and at a loss to the country of nearly two millions dollars, simply that Mr. Charles Mackenzie might be enabled to draw out of the firm of Cooper, Fairman & Co. the capital which he had put into it, and thus escape the loss, which the commercial record of the last three years shows must have been inevitable but for those transactions.